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**ALBERTA MINES AND MINERALS
GUIDELINES
FOR THE CALCULATION OF CROWN ROYALTY
ON
NATURAL GAS AND ASSOCIATED BYPRODUCTS

EFFECTIVE
JANUARY 1, 1974**

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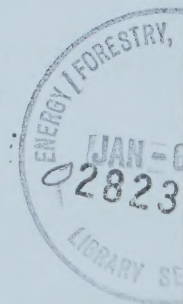
INTRODUCTION

The accompanying Guidelines have been prepared by a joint Government/Industry Sub-committee in order to facilitate the calculation and verification of Natural Gas Royalties under Alberta Regulation 16/74, as amended, as well as to define clearly the basis for calculating the gathering, compression and processing costs involved in determining the wellhead price of natural gas and gas products.

These Guidelines are effective January 1, 1974 and reflect the Government's continuing policy of calculating the actual wellhead values of natural gas and gas products for royalty purposes.

It is submitted the new forms and procedures are a considerable improvement over the present reporting practice, and I wish to acknowledge with thanks the contributions of The Canadian Petroleum Association, The Independent Petroleum Association of Canada, D.I.S. Consultants Ltd., and E.R.C.B./Mines and Minerals personnel for their assistance in developing the Guidelines contained herein.

L. H. Montgomery, C.A.,
Director of Finance,
Alberta Mines and Minerals.



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SECTION 1

BY REPORTING ENTITY

CALCULATION OF GAS & ASSOCIATED BYPRODUCT CROWN ROYALTY

REPORTING ENTITY No.

ROYALTY PAYOR NAME: _____



DEPT. SEQ. _____

PRODUCTION ENTITY No. _____

SUB _____ YR _____ MOS _____

DESCRIPTION OF PRODUCTION ENTITY(S) _____

REPORTING ENTITY		6	7	RESIDUE GAS MCF at 14.65 PS.I.A.	20	NEW GAS	33	PROPANE GALLONS	46	BUTANES GALLONS	59	SULPHUR LONG TONS	72	PENTANES + BARRELS	85	ETHANE GALLONS
100 % VOLUMES	OPENING INVENTORY	A														
	PRODUCTION	B														
	GAINS/(LOSSES)(CUST.PROC.)	C														
	INJECTION	D														
	CLOSING INVENTORY	E														
	SALES	F														
	OPENING INVENTORY	G														
	PRODUCTION	H														
	GAINS/(LOSSES)(CUST.PROC.)	J														
	INJECTION	K														
CROWN VALUES	CLOSING INVENTORY	L														
	SALES	M														
	AVERAGE UNIT PRICE	N	\$			\$			\$			\$			\$	
	SALES VALUE	O														
	APPLICABLE ROYALTY RATE	P														
	GROSS ROYALTY	Q														
																98 TOTAL SALES
																(1) TOTAL GROSS ROYALTY
																(2)

CALCULATION OF ESTIMATED ALLOWANCE

		PRODUCTION ENTITY(S) 100%	REPORTING ENTITY %	CROWN SHARE %	ADD: CROWN SHARE FORWARD	= CROWN SHARE YR TO DATE	EST. RAW GAS ALLOW/MCF	ESTIMATED ALLOW YR TO DATE	
RAW GAS - MCF	R								TOTAL ALLOW
CUSTOM PROCESSING \$	S								(3)

CALCULATION OF YR-TO-DATE, GROSS ROYALTY, SALES ETC.

		GROSS ROYALTY			CROWN SALES			MAX ALLOW
		YR-TO-DATE FORWARD	CURRENT MONTH (2)	YR-TO-DATE (5)	YR-TO-DATE FORWARD	CURRENT MONTH (1)	YR-TO-DATE (6)	-----% OF SALES
\$	T							(4)

CALCULATION OF NET CROWN ROYALTY

		CROWN SALES YR-TO-DATE	LESSER OF (3) OR (4)	SALES SUBJECT CROWN ROYALTY	EFFECTIVE RATE (5)/(6)	ROYALTY YR-TO-DATE	PRIOR PAYMENTS	(OVER) or UNDER PAID	PAYMENT ENCLOSED
\$	V								

DEPARTMENT USE ONLY

PAYMENT RECEIVED	DATE PAID	REFERENCE No.
CASH RECEIPT	YEAR MONTH DAY	

PERSON TO CONTACT _____

TELEPHONE _____

CERTIFIED CORRECT

PER. _____ NAME OF COMPANY _____

REPORT IDENTIFICATION

1. ROYALTY PAYOR NAME: _____ These lines are to contain the name of the
_____ Royalty Payor.

2. DESCRIPTION OF PRODUCTION ENTITY(S) _____ These lines are to contain the description
_____ of the applicable well, unit, or marketing
group comprising the Production Entity(s).

3.

--	--	--	--	--

 This field is to be left blank. It is for Department use only.
DEPT. SEQ.

4.

REPORTING ENTITY No.							
P	LOC	LS	SEC	TWP	RGE	M	E

SUB	

 22
PRODUCTION ENTITY No.

These two fields together comprise the Reporting Entity number and serve to uniquely identify your report. The Reporting Entity number must be entered on every submission.

In the first reporting month both fields are to be left blank as the Department will assign this number and notify you.

5.

YR	MOS

 25 This field indicates the Year and Month of reported production.

INVENTORY CONTROL

LINES 'A' THROUGH 'M'			RESIDUE GAS MCF at 14.65 P.S.I.A.			PROPANE GALLONS			BUTANES GALLONS			SULPHUR LONG TONS			PENTANES + BARRELS			ETHANE GALLONS						
			7	OLD GAS		20	NEW GAS		33			46			59	LONG TONS		72			85			
100%	VOLUMES	OPENING INVENTORY	A																					
		PRODUCTION	B																					
		GAINS/(LOSSES)(CUST.PROC.)	C																					
		INJECTION	D																					
		CLOSING INVENTORY	E																					
		SALES	F																					
CROWN	VOLUMES	OPENING INVENTORY	G																					
		PRODUCTION	H																					
		GAINS/(LOSSES)(CUST.PROC.)	J																					
		INJECTION	K																					
		CLOSING INVENTORY	L																					
		SALES	M																					

6. 100% Volumes refers to volumes applicable to the Reporting Entity only.
7. Crown Volumes refers to the portion of the 100% volumes which are subject to Crown Royalty.
8. Volumes are to be reported in whole units with the exception of
Sulphur - to the nearest .01 long ton
and
Pentanes + - to the nearest .1 barrel
9. Negative Data is to be reported in brackets.
10. Sales of Raw Gas are, for reporting purposes, to be reported in the applicable Residue Gas column.

11. Mixed Hydrocarbon Liquids

are to be segregated by component and reported by separate product.

12. Vertical Balancing

is to be maintained for every product so that:

$$\frac{\text{Opening Inventory} + \text{Production} \pm \text{Gains/(Losses)}}{(\text{Cust. Proc.}) - \text{Injection} - \text{Closing Inventory}} = \text{Sales}$$

13. Opening Inventories

on Lines 'A' & 'G' must equal the prior month's closing inventories on Lines 'E' & 'L'.

14. Production

Volumes of 'old' and 'new' gas on Lines 'B' and 'H' must equal Sales + Injection, $\pm$ Gains/(Losses)/(Cust. Proc.).

15. Gains/(Losses)
(Cust. Proc.)

include, as a deduction, all volumes given up as a Custom Processing charge.

16. Crown Sales

are to be calculated by the formula:

$$\frac{\text{Crown Opening Inventory} + \text{Crown Production}}{100\% \text{ Opening Inventory} + 100\% \text{ Production}} \times 100\% \text{ Sales}$$

LINES 'M' THROUGH 'Q'

CRO	VALUES	SALES										98	TOTAL SALES
		M											
		N	\$										
		O											
		P											
		Q											TOTAL GROSS ROYALTY

17. Sales Value

is the total value of Sales Volumes per Line 'M' at the Plant Gate.

18. Average Unit Price

is the result of dividing Sales Value per Line 'O' by Sales Volumes per Line 'M' and is to be calculated to the nearest 5 decimals ie: \$.24550. Form G2 will be introduced at a later date to show particulars of this calculation.

19. Applicable Royalty Rate

is the rate specified by the Natural Gas Royalty Regulations, as amended, and is to be calculated to the nearest 5 decimals ie: 28.95921%

20. Gross Royalty

is the Applicable Royalty Rate multiplied by the Sales Value divided by 100.

21. Horizontal Addition

Add Line 'O' (Sales Value) and Line 'Q' (Gross Royalty) horizontally to arrive at Total Sales and Total Gross Royalty respectively.

CALCULATION OF ESTIMATED COST ALLOWANCE

LINES 'R' and 'S'

CALCULATION OF ESTIMATED ALLOWANCE		PRODUCTION ENTITY(S) 100%	REPORTING ENTITY -----%	CROWN SHARE -----%	ADD: CROWN SHARE FORWARD	= CROWN SHARE YR TO DATE	EST. RAW GAS ALLOW/MCF	ESTIMATED ALLOW YR TO DATE	TOTAL ALLOW	
RAW GAS - MCF	R						\$			
CUSTOM PROCESSING \$	S									(3)

22. There are two types of Gas Cost Allowances recognized by the Department:

1. A Throughput Allowance (Line R) - ie: the Estimated Cost/Mcf of Raw Gas allowed as a deduction by the Department (to be adjusted annually to the actual Gathering, Compression and Processing costs reported on Form G3 by Facility Operators), and

2. A Custom Processing Allowance (Line S) - ie: the actual Custom Processing fees paid in dollars in the year. (Provision is made on Line C under Volumes for the deduction of Custom Processing fees settled in kind).

23. Initial Forms Usage

As Throughput Allowance based on Mcf of Raw Gas will not be put into effect until 1975, you are requested to convert your estimated 1974 Throughput Allowance based on Cost/Mcf of Residue Gas or other agreed basis into dollars and add the resultant amount to Line 'S' in order to claim this allowance in 1974.

24. Raw Gas - Mcf is the monthly volume of Gathered Gas (Mcf) reported on Form S2.
25. Custom Processing \$ are the monthly Custom Processing fees paid in dollars and/or the converted cost/Mcf of Residue Gas or other agreed cost allowance expressed in dollars.
26. Production Entity(s) 100% is the total volumes applicable to the Production Entity(s).
27. Reporting Entity -----% is the portion of the Production Entity being reported on Form G1.
28. Crown Share -----% is the portion of the Reporting Entity subject to Crown royalty.
29. Add: Crown Share Forward is the year-to-date amount reported on the prior month's return. In January of each year, this field will be zero.
30. = Crown Share Yr-To-Date is the addition of the Crown Share -----% column to the Add: Crown Share Forward column.
31. Est. Raw Gas Allow/Mcf is the Throughput Allowance most recently approved by Alberta Mines & Minerals and is to be reported to the nearest 5 decimals ie. \$.09550.
32. Estimated Allow. Yr-To-Date is the result of multiplying Crown Share Yr-To-Date by Est. Raw Gas Allow/Mcf on Line 'R'. For Line 'S' merely extend amount from the Crown Share Yr-To-Date column.

33. Total Allow. is the addition of the Throughput Allowance based on Raw Gas/Mcf and Custom Processing fees.
34. Mandatory Reporting The first 5 fields of Line 'R' must be reported even if no Gas Cost Allowance is applicable.
35. Variances in Throughput Allowances The Throughput Allowance is to be calculated as a new year-to-date figure with each report. A revised Throughput Allowance granted part way through the year will automatically adjust prior months' allowances, thereby ensuring a reduction of any over/under position at the year end.

CALCULATION OF YEAR-TO-DATE GROSS ROYALTY AND CROWN SALES

LINE 'T'

CALCULATION OF YR-TO-DATE, GROSS ROYALTY, SALES ETC.		GROSS ROYALTY			CROWN SALES		
		YR-TO-DATE FORWARD	CURRENT MONTH (2)	YR-TO-DATE (5)	YR-TO-DATE FORWARD	CURRENT MONTH (1)	YR-TO-DATE (6)
	T						

36. Yr-To-Date Forward

is the Yr-To-Date total from the prior month's return.
In January of each year, this field will be zero.

37. Current Month

is brought down from the totals of Lines 'O' and 'Q'
respectively.

38. Yr-To-Date

is the total of Yr-To-Date Forward and Current Month.

MAXIMUM COST ALLOWANCE

LINE 'T'

CALCULATION OF YR-TO-DATE, GROSS ROYALTY, SALES ETC.		GROSS ROYALTY			CROWN SALES			MAX ALLOW	
		YR-TO-DATE FORWARD	CURRENT MONTH (2)	YR-TO-DATE (5)	YR-TO-DATE FORWARD	CURRENT MONTH (4)	YR-TO-DATE (6)	-----% OF SALES	
\$	T								(4)

39. Max Allow. -
-----% of Sales

is a re-expression of the concept of Minimum Royalty established by the Department in prior years. Briefly, a portion of Crown Sales must be free of cost allowance in order to produce a Minimum Royalty at an effective royalty rate. The applicable percentage to be used in the calculation of maximum cost allowance will be determined by Alberta Mines & Minerals and may be modified from time to time based upon such factors as average unit prices, current royalty rates, economic conditions, etc.

40. Carry-Forward

The excess of Total Annual Gas Cost Allowances over Total Annual Crown Sales may be carried forward against 1975 and subsequent years, if such carry-forward may be shown to be both reasonable and applicable, ie. when Annual Crown Sales - \$150,000, Actual Annual Costs - \$175,000 and Maximum Cost Allowance is set at 75%, or \$112,500, \$37,500 would be disallowed and the \$25,000 excess over Sales considered for carry-forward.

CALCULATION OF NET CROWN ROYALTY

LINE 'V'

CALCULATION OF NET CROWN ROYALTY		CROWN SALES YR-TO-DATE	LESSER OF (3) OR (4)	SALES SUBJECT CROWN ROYALTY	EFFECTIVE RATE (5)/(6)	ROYALTY YR-TO-DATE	PRIOR PAYMENTS	(OVER) or UNDER PAID	PAYMENT ENCLOSED
\$	V								

41. Crown Sales Yr-To-Date

is brought down from Line 'T'.

42. Lesser of (3) or (4)

refers to the Year-To-Date Allowance which may be claimed against Crown Sales Yr-To-Date and is the lesser of the Total Allowance (Line 'S') or the Max. Allow _____% of Sales (Line 'T').

43. Sales Subject
Crown Royalty

are Crown Sales Yr-To-Date, minus the Lesser of (3) or (4)

44. Effective Rate (5) / (6)

is determined as follows:

$$\frac{\text{Yr-To-Date Gross Royalty (5)}}{\text{Yr-To-Date Crown Sales (6)}} \times 100$$

45. Royalty Yr-To-Date is the result of multiplying Sales Subject Crown Royalty by the Effective Rate.
46. Prior Payments. are the accumulation of all payments made on account of yr-to-date Gas and Associated ByProducts royalty. In January of each year, this field will be zero. As can be seen from the accompanying schedule, care must be taken in the calculation of prior payments when filing an amended return.
47. (Over) or Under Paid is Royalty Yr-To-Date less Prior Payments.
48. Payment Enclosed is the amount of the payment due. If Drilling Incentive or any other authorized credit is to be applied, leave this field blank and attach payment instructions.
49. Certificate This must be executed by Senior Personnel who are responsible for completion of the Forms.

SCHEDULE ILLUSTRATING THE CALCULATION OF 'PRIOR PAYMENTS'
WHEN FILING AN AMENDED RETURN

Trans #	Date Prepared	'G1' Acctg Month	←-----LINE 'V'-----→			
			Royalty Yr-To-Date	Prior Payments	(Over) or Underpaid	Payment Enclosed
1.	Feb 18/74	Jan '74	\$ 4,000	\$ 0	\$4,000	\$4,000
2.	Mar 18/74	Feb '74	8,200	4,000	4,200	4,200
3.	Apr 18/74	Mar '74	12,100	8,200	3,900	3,900
4.	May 18/74	Apr '74	15,000	12,100	2,900	2,900
5.	Jun 18/74	May '74	22,000	15,000	7,000	7,000
6.	Jul 2/74	Feb '74 (Amended)	9,600	8,200	1,400	1,400
7.	Jul 18/74	Jun '74	26,400	23,400	3,000	3,000
8.	Aug 18/74	Jul '74	30,000	26,400	3,600	3,600
9.	Sep 3/74	Jul '74 (Amended)	30,950	30,000	950	950

NOTE:

1. Transactions 1 through 5 show the normal sequence of reporting and payment. You will note that for each of these transactions the 'prior payment' amount is the total of the payments enclosed with prior reports (i.e. Trans. #4 shows \$12,100 in prior payments, being - \$4,000 (Jan) and \$4,200 (Feb) and \$3,900 (Mar)).

2. Transaction #6 breaks the pattern through amending the Feb '74 report. Because of a pricing change, the Royalty Yr-To-Date should have been \$9,600 and not \$8,200 as previously reported.

Note: The prior payment of \$8,200 on the amended report reflects \$4,000 paid for Jan '74 plus \$4,200 paid for Feb '74.

3. Transaction #7 (G1 Form for Jun '74) shows \$23,400 for prior payments including \$1,400 paid with Feb '74 amended report.

From the above comments, the following rules for determining the amounts of prior payments may be established:

- (a) If this is not an amended return, 'prior payments' will refer to the total of all payments made for the current year and prior to the date of preparation.
- (b) If this is an amended return, 'prior payments' will refer to the total of all payments made for the current year but only up to and including the amended month.
- (c) An amended return will not necessitate filing amended forms for subsequent months, but the carry forwards to the next G1 Form to be filed must reflect the results of any prior amendments.

SECTION 2

GAS COST ALLOWANCES

A. GOVERNMENT POLICY

Section 31 of The Mines and Minerals Act stipulates that the Minister of Mines and Minerals may specify the deductions that may be allowed when computing royalty on natural gas (including substances obtained from or by processing natural gas). These deductions (hereinafter called "Gas Cost Allowances") will be based on the cost of service for Gathering, Compression and Processing of natural gas and include Operating costs, Depreciation and Return on Average Capital.

Briefly, the Crown's share of cost of service in a Reporting Entity will be determined by dividing the sum of the Gross Royalty calculations by the aggregate Sales Value of Gas and Associated Byproducts from Crown lands and multiplying the quotient by one hundred. The following example illustrates the sharing of costs by the Crown, the calculation of Wellhead Value and resulting Crown Royalty Payable:

<u>Sales Subject to Crown Royalty</u>	<u>Sales Quantity</u>	<u>Unit Price (\$)</u>	<u>Sales Value (\$)</u>	<u>Royalty Rate %</u>	<u>Royalty Share (\$)</u>
Residue Gas - Mcf	1,000,000	0.60000	600,000.00	35.36667	212,200.00
Propane - Gal.	35,000	0.12000	4,200.00	35.36667	1,485.40
Butanes - Gal.	35,000	0.09000	3,150.00	35.36667	1,114.05
Pentanes Plus - Bbl.	10,000	7.00000	70,000.00	37.04286	25,930.00
Sulphur - L. Ton	1,000	9.00000	<u>9,000.00</u>	16.66667	<u>1,500.00</u>
			\$686,350.00		\$242,229.45
Estimated Gas Cost Allowance - 1,400,000 Mcf Raw Gas @0.20 =			280,000.00		
Crown Share - 242,229.45/686,350.00 or 35.29241%					<u>98,818.75</u>
Wellhead Value and Crown Royalty			<u>\$406,350.00</u>	<u>35.29241</u>	<u>\$143,410.70</u>

B. BACKGROUND INFORMATION

1. Generally speaking, a gas producer in Alberta is required to deliver pipeline specification gas, capable of use by the ultimate consumer, at a delivery pressure adequate to enter the purchaser's gas pipeline. Essentially all of the water vapor, liquifiable hydrocarbons, carbon dioxide and hydrogen sulphide must be removed before the natural gas is marketable.

2. Except for the water and carbon dioxide, removal of the other constituents may result in additional marketable products such as condensate or pentanes plus, butanes, propane, ethane or sulphur.

3. The lessee of the Crown mineral rights from which natural gas is produced must provide the necessary facilities and pay operating costs to gather and process the entire natural gas stream, even though a portion of the residue gas and marketable products recovered, or the value thereof, will belong to the lessor when sold.

4. Usually, marketable gas in Alberta has been developed in reservoirs or pools extending over an area greater than a well spacing unit. Frequently, different lessees may have wells in the same pool and there may be more than one lessor within the same pool.

5. Having proven the existence of marketable gas reserves in a pool, the lessees usually determine a basis of sharing and form a unit for the development and production of gas. If a unit is not formed, the lessees generally share in ownership of the necessary facilities or make some other arrangements for gathering and processing the gas.

6. Within the immediate area, there may be gas available from other pools which requires gathering and processing and the lessees of the different pools may determine that the most economic scheme would be to gather gas from more than one pool for processing in a common plant.

7. Gas from the two or more pools may be very similar in composition and the capital cost allocation

for the processing facilities could be on a simple basis of designed natural gas inlet to the plant from each of the pools and the operating costs could be shared on the basis of throughput. If the composition of the gas from the two or more pools is dissimilar, then the common processing facilities will probably be shared on a functional usage basis with each of the lessees sharing in the capital and operating costs on the basis of composition and volume of gas processed with reference to each of the functions utilized or some other cost-sharing basis as may be agreed upon.

8. Outside factors such as available water, transportation facilities and environmental considerations may dictate the location of the plant and there may be considerable difference in the unit cost of gathering gas from one pool as compared to gathering gas from another pool.

9. Frequently, one operator will be responsible for the complete operation of gathering, compression and processing and will be aware of all capital and operating costs and the allocation to the various pools. However, it is possible that the operator of another gathering system may deliver gas to the plant or to the gathering system or compressor serving the plant. The gathering system operator, in this case, would be responsible for the additional gathering portion of the gas cost allowance. In this situation, the usual arrangement is that the owners of the processing facility, as represented by the operator, would determine a processing fee which would be payable to the owners by the non-owning party. Another possible arrangement is that the non-owner would give to the plant owners a portion of his gas throughput, or the products recovered therefrom, as a processing charge.

10. The processing plant is designed for certain inlet pressures and the gas from one pool may require compression earlier than that from another pool delivering gas to the same processing plant.

11. Generally, each owner's share of the residue gas and marketable products recovered from the natural

gas at the common processing plant is determined by the quantity and composition of the gas delivered to the plant on his behalf. Each owner has the right and obligation to take and dispose of his share, including the lessor's portion, of the residue gas and products available at the plant outlet.

12. Considerable variation is not unusual in prices received by the various lessees for the residue gas and other recovered products available for sale. Changing market conditions, price redetermination coming due at different dates, contractual terms and other conditions affect the prices which a lessee may receive.

C. GENERAL APPLICATION

1. Gas cost allowances for gathering, compression and processing of natural gas shall be allocated by the plant operator to each separate pool delivering gas to the plant. If another operator delivers gas to the plant or compressor station, he will calculate the gas cost allowances covering the functions performed by the facilities under his control.

2. The gas cost allowances by pool shall be calculated separately for each of the three functions i.e.: gathering, compression and processing. The compression function referred to herein will not include compression required as an integral part of the processing plant, but, rather, the field compression required to deliver the gas to the processing plant at the specified inlet pressure or to deliver gas at the purchaser's specified pressure.

3. By segregating gas cost allowances into the three basic components, it is possible to arrive at the total gas cost allowances by pool regardless of the ownership of the various components.

4. The gas cost allowances, for Crown purposes, will be based on the raw gas throughput by pool. Any allocation of gas cost allowances between owners and non-owners or between Crown and Freehold lessors will be on the basis of raw gas throughput by pool.

5. Generally, non-owners of gas gathering and/or processing facilities pay a fee for the use of owner's facilities. The amount of the fee paid will be treated in the same manner as gas cost allowances and the Crown will accept its proportionate share. In such cases, the plant and/or gathering system owners will not be allowed to claim gas cost allowances for the allocated portion of the facilities utilized to handle non-owner's gas.

6. If, rather than a gathering and/or processing fee, the non-owner transfers title or gives up to the gathering or plant owners a portion of the total raw gas throughput or a portion of the products recovered therefrom, that portion given up for the gathering and/or processing functions performed will be in lieu of gas cost allowances and the non-owner will not be entitled to claim any gas cost allowances for the functions performed by the facilities of the owners. In this case, the facility owners will be entitled to dispose of that portion of the products given up by the non-owner without the payment of additional Crown royalty. The facility owners will exclude from their claim for gas cost allowances the allocated portion of the facilities utilized to handle the non-owners' gas.

7. An accepted variation of the above procedure will be where the non-owner does not transfer title but takes delivery and sells all of the gas and products recovered and remits to the facility owners an agreed portion of the sales proceeds. In this case, both non-owners and owners will claim the appropriate gas cost allowances. However, the owners must exclude from their claim for gas cost allowances the allocated portion of the facilities utilized to handle the non-owners' gas.

D. GAS CONSERVATION SCHEMES

1. The conservation of gas recovered in conjunction with oil producing operations may result in

marginal or uneconomic ventures. The associated gas is conserved in order to avoid pollution and to avoid waste of usable gas and products. Sizing of the gas facilities is designed to accommodate the oil production and prevent unnecessary gas flaring.

2. If the producers participate in the ownership of the gas gathering and/or processing facilities, the gas cost allowances will be determined in the same manner as for non-associated gas. However, only those facilities and related costs beyond the point where associated gas is finally separated from oil will be included. Stock tank vapor recovery equipment may be included in the costs.

3. In some instances, oil producers will not choose to participate in the ownership and operation of gas gathering and/or gas processing facilities required to conserve the available associated gas. In these cases, the producer will sell his share of the associated gas at the point of separation and the price received will be the value used for royalty purposes. Another variation will be for the producer to share in the cost of gathering the associated gas to a central point but not share in the cost of processing facilities. In this case, the producer will be entitled to a gas cost allowance for gathering the associated gas.

4. Gas Conservation Schemes will not be subject to the maximum cost allowance referred to in Section 1, Item 39, due to the costs incurred not relating to sales.

E. GAS CYCLING SCHEMES

1. Gas cycling schemes are instituted for the purpose of enhancing the ultimate recovery of liquid hydrocarbons from a gas reservoir or to provide early sales of hydrocarbon liquids while awaiting gas marketing opportunities.

2. Gas cost allowances for gas cycling schemes will be determined in the same manner as for other operations, except that the capital costs associated with reinjection will be excluded. These capital costs include the compression facilities and associated lines.

F. DETERMINATION OF GAS COST ALLOWANCES

1. The Crown will share in those costs beyond the point of production, in the case of non-associated gas produced from gas wells, and beyond the point of final separation, in the case of associated gas or gas produced in conjunction with oil. The area where costs will be shared is generally illustrated on the accompanying layout.

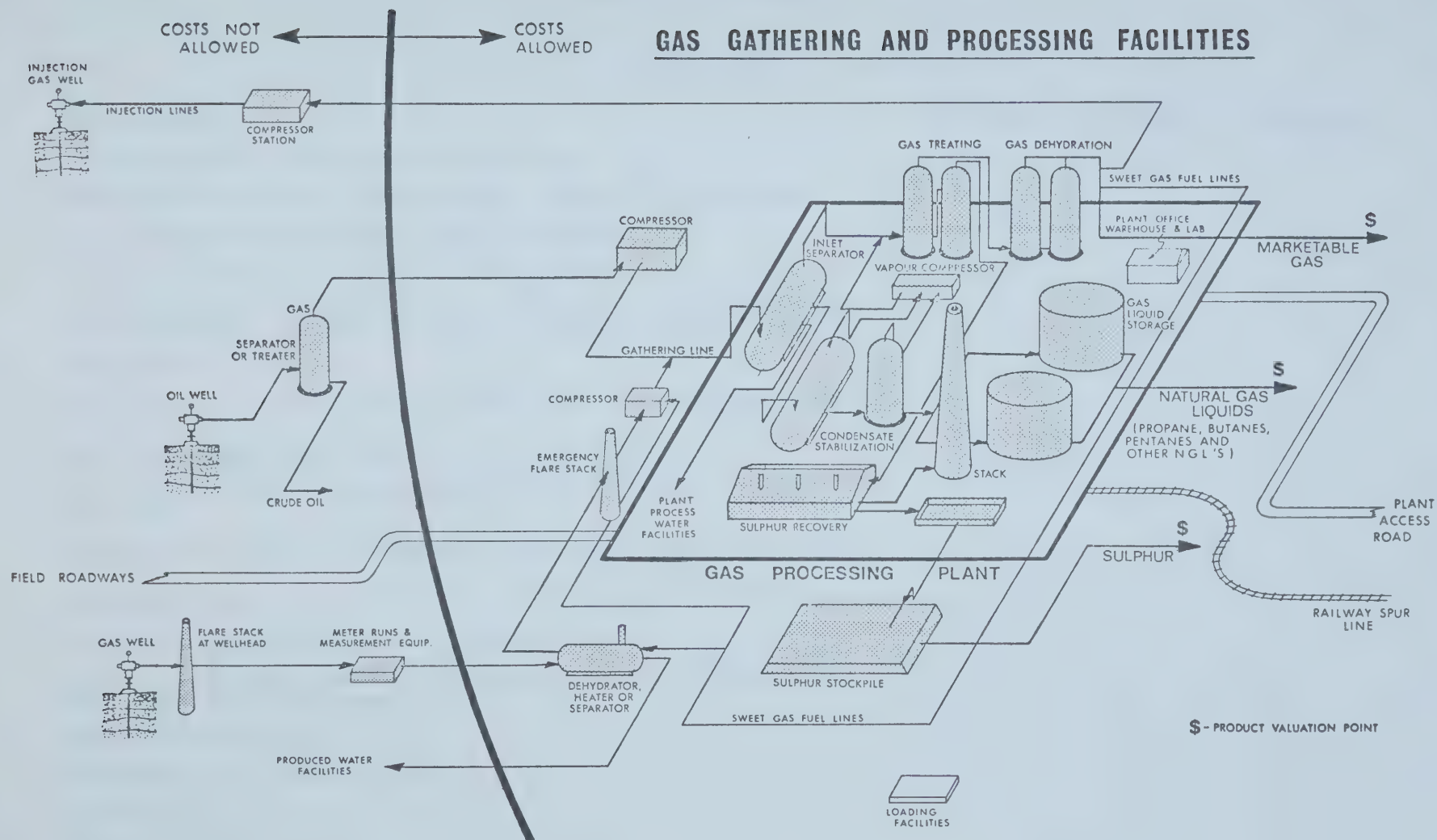
2. The major Capital and Operating costs to be included (excluded) in the determination of Gas Cost Allowances are outlined on the accompanying schedule. Generally-accepted accounting principles and Industry practise will be recognized by the Department in determining the authenticity of Capital and Operating costs.

3. Capital costs refer to the costs of Gathering, Compression and Processing facilities. Additions which increase Raw Gas Throughput will be allowed only in the year they come into service. All other additions will be allowed in the year of expenditure. Cash disposals or Facilities taken completely out of service must be deleted from Capital Costs.

4. Operating costs refer to the costs of operating allowable Gathering, Compression and Processing facilities.

5. Depreciation will be allowed on a straight line basis so as to amortize the cumulative Capital costs of Gathering, Compression and Processing facilities over their useful life. The useful life and hence the depreciation rate applicable to Facilities will be subject to the approval of Alberta Mines & Minerals.

6. Return on Average Capital will be allowed on Average Net Capital Investment ie: Depreciated Facilities, plus Land, plus Working Capital Allowance. The Rate of Return will be determined by Alberta Mines & Minerals.



SCHEDULE OF CAPITAL COSTS AND OPERATING COSTS
TO BE INCLUDED (EXCLUDED) IN THE DETERMINATION OF
GAS COST ALLOWANCES

CAPITAL COSTS

<u>TO BE INCLUDED</u>	<u>GATHERING</u>	<u>COMPRESSION</u>	<u>PROCESSING</u>
Emergency Flare Stacks and Relief Facilities	X		
Separators, Dehydrators, Scrubbers, etc. for Non-Associated Gas	X		
Line Heaters at Wellhead and on Gathering System	X		
Automatic Equipment for Control of Line Heaters	X		
Installed costs of Gathering Lines to The Plant or Field Compressor from The Gas Wells or from the point of Separation for Solution Gas	X	X	
Sweet Gas Fuel Lines	X	X	
Installed Costs of Vapour Recovery Facilities for Gas Conservation Projects	X		
Vehicles and Mobile Equipment	X	X	X
Compressor Facilities to Raise Pressures for Acceptance to Plant Inlet Pressures		X	
Compressor Facilities for Boosting Pressure to Purchaser's Specifications			X
Land Acquisition		X	X
Warehouses, Laboratories and Plant Offices			X
Housing, if necessary because of Plant Location and Attributable to Plant and Gathering Personnel	X	X	X
Communication Controls	X	X	X
Fire Fighting and Safety Equipment	X	X	X
Processing Facilities			X
Product Loading Facilities			X
Railway Spur Lines under Ownership of Operators			X
Plant Roads, Bridges, Walkways and Fencing			X

	<u>GATHERING</u>	<u>COMPRESSION</u>	<u>PROCESSING</u>
Air Strips attributable to Plant and Gathering	X		X
Effluent Basins and Facilities for Process Water			X
Pollution Monitoring and Leak Detection Equipment	X	X	X
Sulfinol and Other Process License Fees			X
Pre-Plant Processing Studies that Relate Directly to the Process Utilized			X
Construction Overhead as Permitted in Joint Interest Operations	X	X	X
Operators Design Engineering Fee for use of Own Personnel as Permitted in Joint Interest Operations	X	X	X
<u>TO BE EXCLUDED</u>			
Wellhead Christmas Trees	X		
Meter Runs and Measurement Equipment	X		
Field Roadways, Bridges and Well Protective Equipment	X		
Disposal Pits and Facilities for Produced Water	X		X
Flare Stacks at Wellhead	X		
Storage Tanks for Field Separated Condensate	X		
Separators, Dehydrators, Scrubbers, etc. for Associated Gas	X		
Automation Equipment for Wellhead Controls	X		
Installed Costs of two Phase Gathering Lines for Gas Conservation Projects	X		
Injection Lines and Facilities		X	
Compressors for Injection		X	
Oil Storage Facilities			X

OPERATING COSTS

<u>TO BE INCLUDED</u>	<u>GATHERING</u>	<u>COMPRESSION</u>	<u>PROCESSING</u>
Materials, Service Costs, Labour Utilities and Transportation	X	X	X
Fuel Gas when Purchased from Outside Parties	X	X	X
Property Taxes	X	X	X
Liability Insurance	X	X	X
Plant Road Maintenance and Snow Ploughing			X
Pre-Start Up Off-Site Training and On-Site Training	X	X	X
Operating Costs of Spur Lines Owned by Operations (Any fees paid to railroad owned spur lines should be applied in net back of product prices)			X
Overhead approved by Alberta Mines & Minerals	X	X	X
 <u>TO BE EXCLUDED</u>			
Material Service Costs, Labour Utilities and Transportation for Downhole Producing Facilities, Salt Water Disposal Facilities, Well Servicing, and Testing Facilities.	X	X	
Wellsite Rentals	X		
Property Taxes on Downhole Equipment, Surface Producing Equipment and Salt Water Disposal Facilities	X	X	
ERCB Assessment Tax and Mineral Taxes	X		
Property Damage and Loss of Revenue Insurance	X	X	X
Off-Site Training Seminar after Start Up	X	X	X
Field Road Maintenance and Snow Ploughing	X		

SECTION 3

ANNUAL REPORTING OF GAS COST ALLOWANCES
BY FACILITY OPERATORS

CALCULATION OF ACTUAL AND ESTIMATED GAS COST ALLOWANCE



FACILITY NO.

DESCRIPTION OF FACILITY _____

CUMULATIVE AND NET CAPITAL

CUMULATIVE CAPITAL INVESTMENT – JAN. 1
NET CAPITAL INVESTMENT – JAN. 1
NET ADDITIONS – PER G4
CUMULATIVE CAPITAL INVESTMENT – DEC. 31
DEPRECIATION _____%
NET CAPITAL INVESTMENT – DEC. 31

AVERAGE CAPITAL

AVERAGE NET CAPITAL INVESTMENT
LAND
WORKING CAPITAL ALLOWANCE
TOTAL

GAS COST ALLOWANCE

OPERATING COSTS – PER G4
DEPRECIATION
RETURN ON AVERAGE CAPITAL _____%
TOTAL

RAW GAS THROUGHPUT (MCF)
¢ PER MCF RAW GAS

ALLOCATION TO PRODUCTION ENTITY(S)

UNALLOCATED

TOTAL

CERTIFICATE

THIS WILL CERTIFY, THAT TO THE BEST OF OUR KNOWLEDGE AND BELIEF, THE ABOVE COSTS ARE TRUE AND CORRECT AND HAVE BEEN CALCULATED IN ACCORDANCE WITH THE GUIDELINES SET FORTH BY ALBERTA MINES AND MINERALS.

PERSON TO CONTACT

FACILITY OPERATOR

TELEPHONE

NAME OF COMPANY

PER.

G3

ACTUAL
19____

ESTIMATED
19____

A	6.7		33	
B				
C				
D				
E				
F				

G				
H				
I				
J				

K				
L				
M				
N				

O				
P				

6.7	MCF	¢ /MCF	33	MCF	¢ /MCF
1					
2					
3					
4					
5					
6					

REPORT IDENTIFICATION

1. DESCRIPTION OF FACILITY _____

These lines are to contain the description of the applicable Gathering, Compression or Processing Facility.

2.

--	--	--	--	--	--	--	--	--	--

FACILITY NO.

This field serves to uniquely identify your report. In the first reporting month it is to be left blank as the Department will assign this number and notify you.

CUMULATIVE AND NET CAPITAL

LINES 'A' THROUGH 'F'

CUMULATIVE AND NET CAPITAL

CUMULATIVE CAPITAL INVESTMENT - JAN. 1

NET CAPITAL INVESTMENT - JAN. 1

NET ADDITIONS - PER G4

CUMULATIVE CAPITAL INVESTMENT - DEC. 31

DEPRECIATION ____%

NET CAPITAL INVESTMENT - DEC. 31

ACTUAL
19__

ESTIMATED
19__

A		
B		
C		
D		
E		
F		

3. Cumulative Capital Investment - Jan. 1

This must equal the Cumulative Capital Investment - Dec. 31 as shown on the previous return.

4. Net Capital Investment - Jan. 1

This must equal the Net Capital Investment - Dec. 31 as shown on the previous return.

5. Net Additions - Per G4

This must equal Capital Additions (net) shown in detail on Form G4.

6. Cumulative Capital Investment - Dec. 31

Is the total of Cumulative Capital Investment - Jan. 1 and Net Additions.

7. Depreciation _____%

Is the Cumulative Capital Investment -
Dec. 31 multiplied by the Depreciation rate
approved by Alberta Mines & Minerals.

8. Net Capital Investment - Dec. 31

Is the Net Capital Investment - Jan. 1,
plus Net Additions, less Depreciation.

AVERAGE CAPITAL

LINES 'G' THROUGH 'J'

AVERAGE CAPITAL

AVERAGE NET CAPITAL INVESTMENT

LAND

WORKING CAPITAL ALLOWANCE

TOTAL

G		
H		
I		
J		

9. Average Net Capital Investment

Is the Net Capital Investment - Jan. 1,
plus the Net Capital Investment - Dec. 31,
divided by 2.

10. Land

Is the cost of the site on which the Facility is located.

11. Working Capital Allowance

Is calculated as 1/6 total Operating Costs,
plus the Average Spare Parts Inventory, if any.

LINES 'K' THROUGH 'P'

GAS COST ALLOWANCE

OPERATING COSTS - PER G4

DEPRECIATION

RETURN ON AVERAGE CAPITAL _____ %

TOTAL

RAW GAS THROUGHPUT (MCF)

¢ PER MCF RAW GAS

12. Operating Costs - Per G413. Depreciation14. Return on Average Capital _____ %15. Raw Gas Throughput (Mcf)

K		
L		
M		
N		

O		
P		

This must equal Operating costs shown
in detail on Form G4.

Is the amount of Depreciation calculated
on Line 'E'.

Is the Total Average Capital on Line
'J' multiplied by a rate to be determined
by Alberta Mines & Minerals.

Is the Annual Volume of Gathered gas (Mcf)
reported on Form S2's.

16. Gas Cost Allowance ¢/Mcf Raw Gas

Is the Total Gas Cost Allowance on Line 'N' divided by the Raw Gas Throughput on Line 'O'.

17. Allocation to Production Entity(s)

This shows the allocation of the Raw Gas Throughput (Mcf) per Line 'O' to the respective Production Entity(s), together with the corresponding ¢/Mcf Raw Gas attributed to each. The total Mcf Raw Gas allocated must equal the Raw Gas Throughput (Mcf) per Line 'O'. The sum of multiplying the individual Mcfs Raw Gas by the ¢/Mcf allocated must equal the total Gas Cost Allowance shown on Line 'N'.

18. Certificate

This is to be executed by the Facility Operator responsible for completion of Forms G3 and G4. Alberta Mines & Minerals reserves the right to audit the books and records of the Facility Operator and/or its Principals upon due notice and make such changes to the calculation and allocation of Gas Cost Allowances as may be considered necessary in the circumstances.

19. Form G4 - Schedule of Capital Additions
(Net) and Operating Costs

must be submitted in support of Form G3. It will be necessary to explain only the main categories of Capital Additions and group smaller additions under Miscellaneous. Cash Disposals or taking Capital Costs completely out of service should be shown in brackets. Operating costs are to be shown net after adjustments. Overhead may be claimed at a rate approved by Alberta Mines & Minerals applied to other Operating costs.

SCHEDULE OF CAPITAL ADDITIONS (NET) AND OPERATING COSTS



1				
---	--	--	--	--

FACILITY NO.

DESCRIPTION OF FACILITY _____

CAPITAL ADDITIONS (NET)

MISCELLANEOUS

TOTAL

ACTUAL
19__

ESTIMATED
19__

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		

OPERATING COSTS

LABOUR
MATERIALS
TRANSPORTATION
CONTRACT SERVICES
UTILITIES
MAINTENANCE
AUTOMOTIVE
INSURANCE
PROPERTY TAXES
SURFACE RENTALS

MISCELLANEOUS

OVERHEAD ____%

TOTAL

ACTUAL
19__

ESTIMATED
19__

6	7		33	
A				
B				
C				
D				
E				
F				
G				
H				
I				
J				
K				
L				
M				
N				
O				
P				
Q				
R				

SECTION 4

TIMETABLE

for

ANNUAL REPORTING OF GAS COST ALLOWANCES

BY FACILITY OPERATORS

and

ANNUAL ADJUSTMENT OF GAS COST ALLOWANCES

BY REPORTING ENTITY(S)

ANNUAL REPORTING OF GAS COST ALLOWANCES

BY FACILITY OPERATORS

1. The Facility Operator will complete Forms G3 and G4 and submit 2 copies to Alberta Mines and Minerals by March 31st of the following year.
2. Alberta Mines and Minerals will endorse 1 copy of Form G3 and return it to the Facility Operator by April 30th.
3. The Facility Operator will forward copies of endorsed Form G3 to all persons entitled to Gas Cost Allowances by May 15th.

ANNUAL ADJUSTMENT OF GAS COST ALLOWANCES

BY REPORTING ENTITY(S)

1. Each Reporting Entity will complete a "13th month" Form G1 ie: a "12th month" Form G1 showing the estimated cost per Mcf Raw Gas revised to the actual cost per Mcf Raw Gas supported by copies of endorsed Forms G3, and file 1 copy with Alberta Mines and Minerals by May 31st. The amount of (over) or under paid for the "13th month" will represent the amount to be settled for the prior year.
2. The Reporting Entity will revise the estimated Throughput Allowance claimed for May and prior months to agree with the Estimated Allowance shown on endorsed Forms G3.

The accompanying examples illustrate the adjustment from an estimated \$.09550/Mcf Raw Gas to an actual \$.15/Mcf Raw Gas.

CALCULATION OF GAS & ASSOCIATED BYPRODUCT CROWN ROYALTY

ROYALTY PAYOR NAME E.Z. PETROLEUM LTD.



DEPT. SEQ. 1

REPORTING ENTITY No. 4,513,10

PRODUCTION ENTITY No. 0,05

DESCRIPTION OF PRODUCTION ENTITY(S) CROWHILL - AMSO
GAS UNIT #2

REPORTING ENTITY		RESIDUE GAS MCF at 14.65 PSIA		PROPANE GALLONS		BUTANES GALLONS		SULPHUR LONG TONS		PENTANES + BARRELS		ETHANE GALLONS	
		OLD GAS	NEW GAS										
100% ALBERTA	OPENING INVENTORY	A			35,010	65,520	32,826.65						
	PRODUCTION	B	3,450,510	1,725,255	980,700	835,870	3,100,28			53,250.0			
	GAINS/LOSSES/ADJUST PRODUCTION	C			1,510,10	10							
	CLOSING INVENTORY	D			42,216	60,000	31,510.60						
	SALES	F	3,450,510	1,725,255	958,487	841,400	3,882,33			53,250.0			
	OPENING INVENTORY	E			26,257	39,312	19,375.57						
	PRODUCTION	G	2,587,883	1,273,942	735,535	626,902	2,325.21			39,937.5			
	GAINS/LOSSES/ADJUST PRODUCTION	J			111,257	8							
	CLOSING INVENTORY	L			31,662	44,345	19,320.41						
	SALES	M	2,587,883	1,273,942	718,863	621,877	2,380.57			39,937.5			
100% ALBERTA	GRAND TOTAL		2,587,883	1,273,942	18,550	109,160	13,454.02			7,11,000			
	ALLOWANCE		635,325.28	317,662.70	133,349.09	56,963.93	32,025.50			283,955.63			
	NET CROWN ROYALTY		22,000.00	22,000.00	22,000.00	22,000.00	18,666.67			28,959.21			
	GRAND TOTAL		139,771.56	69,885.81	29,336.18	12,532.96	5,337.58			82,231.31			
												98 TOTAL SALES	
													1,459,282.19(1)
												99 TOTAL GROSS ROYALTY	
													339,095.10(2)

CALCULATION OF ESTIMATED ALLOWANCE	PRODUCTION ENTITY No. 100%	REPORTING ENTITY 50.0	CROWN SHARE 15.0	ADD CROWN SHARE FORWARD	CROWN SHARE YR TO DATE	EST RAW GAS ALLOW/MCF	ESTIMATED ALLOW YR TO DATE	TOTAL ALLOW
RAW GAS ALLOWANCE	26,600,000	13,300,000	9,975,000	104,737,550	114,712,550	0.9550	10,955,048.53	10,955,048.53(3)

CALCULATION OF YR-TO-DATE, GROSS ROYALTY, SALES ETC	GROSS ROYALTY			CROWN SHARE			MAX ALLOW
	YR TO DATE FORWARD	CURRENT MONTH	YR TO DATE (%)	YR TO DATE FORWARD	CURRENT MONTH	YR TO DATE (%)	15
	3,594,408.06	339,095	10	3,933,503.16	16,489,888.91	1,459,282.19	13,461,878.33(4)

CALCULATION OF NET CROWN ROYALTY	CROWN SALES YR-TO-DATE	LESSOR OF (3) OR (4)	SALES SUBJECT CROWN ROYALTY	EFFECTIVE RATE (5)/(6)	ROYALTY YR-TO-DATE	PRORATA PAYMENT	(OVER) or UNDER PAID	PAYMENT ENCLOSED
	17,949,171.10	10,955,048.53	6,994,122.57	2.191468	1,532,739.58	1,310,000.00	222,739.58	222,739.58

DEPARTMENT USE ONLY	PAYMENT RECEIVED	DATE PAID	REFERENCE No.
CASH RECEIPT		YEAR MONTH DAY	

PERSON TO CONTACT M. SMITHE
TELEPHONE 242-1309

CERTIFIED CORRECT
E.Z. PETROLEUM LTD.
NAME OF COMPANY
PER Carment.

CALCULATION OF GAS & ASSOCIATED BYPRODUCT CROWN ROYALTY

ROYALTY PAYOR NAME: E.Z. PETROLEUM LTD



DEPT. SEQ. 1

6 *

8

LOC LS SEC TWP RGE M E
4 5 3 1 0
PRODUCTION ENTITY No.

22

0 0 5
SUB

25

7 4 1 3
YR MOS

DESCRIPTION OF PRODUCTION ENTITY(S) CROWHILL-AMSO
GAS UNIT #1

REPORTING ENTITY		RESIDUE GAS MCF of 14 65 P.S.I.A.		PROPANE GALLONS	BUTANES GALLONS	SULPHUR LONG TONS	PENTANES + BARRELS	ETHANE GALLONS
100%	OLD GAS	NEW GAS						
CROWN	OPENING INVENTORY	A						
	PRODUCTION	B						
	GAINS/(LOSSES)(CUST.PROC.)	C						
	INJECTION	D						
	CLOSING INVENTORY	E						
	SALES	F						
	OPENING INVENTORY	G						
	PRODUCTION	H						
	GAINS/(LOSSES)(CUST.PROC.)	J						
	INJECTION	K						
VALUES	CLOSING INVENTORY	L						
	SALES	M						
	AVERAGE UNIT PRICE	N	\$		\$		\$	
	SALES VALUE	O						
	APPLICABLE ROYALTY RATE	P						
	GROSS ROYALTY	Q						
								98 TOTAL SALES
								TOTAL GROSS ROYALTY (1)
								TOTAL GROSS ROYALTY (2)

CALCULATION OF ESTIMATED ALLOWANCE

PRODUCTION ENTITY(S)	REPORTING ENTITY	CROWN SHARE	ADD: CROWN SHARE FORWARD	= CROWN SHARE YR TO DATE	EST. RAW GAS ALLOW/MCF	ESTIMATED ALLOW YR TO DATE
100%	-----%	-----%				
RAW GAS - MCF	R		114,712,550	114,712,550	1,5000	17,206,882 50
CUSTOM PROCESSING	S					17,206,882 50
						TOTAL ALLOW (3)

CALCULATION OF YR-TO-DATE, GROSS ROYALTY, SALES ETC

GROSS ROYALTY				CROWN SALES				MAX ALLOW
YR-TO-DATE FORWARD	CURRENT MONTH (2)	YR-TO-DATE (5)	YR-TO-DATE FORWARD	CURRENT MONTH (1)	YR-TO-DATE (6)			75 % OF SALES
3,933,503 1 6	+	3,933,503 1 6	17,949,171 1 0	+	17,949,171 1 0			13,461,878 3 3

CALCULATION OF NET CROWN ROYALTY

CROWN SALES YR-TO-DATE	LESSER OF (3) OR (4)	SALES SUBJECT CROWN ROYALTY	EFFECTIVE RATE (5)/(6)	ROYALTY YR-TO-DATE	PRIOR PAYMENTS	(OVER) or UNDER PAID	PAYMENT ENCLOSED
17,949,171 1 0	13,461,878 3 3	4,487,292 7 7	21 7 1448	9833 7 5 8 5	1,532,739 5 8	(549,363 7 3)	+

DEPARTMENT USE ONLY

PAYMENT RECEIVED	DATE PAID	REFERENCE No.
CASH RECEIPT	YEAR MONTH DAY	

PERSON TO CONTACT

M. SMITHE

TELEPHONE

242-1309

CERTIFIED CORRECT

E.Z. PETROLEUM LTD.

NAME OF COMPANY

PER.

Command.

CALCULATION OF ACTUAL AND ESTIMATED GAS COST ALLOWANCE



DESCRIPTION OF FACILITY _____

--	--	--	--	--	--

FACILITY NO. _____

CUMULATIVE AND NET CAPITAL

CUMULATIVE CAPITAL INVESTMENT - JAN. 1

NET CAPITAL INVESTMENT - JAN. 1

NET ADDITIONS - PER G4

CUMULATIVE CAPITAL INVESTMENT - DEC. 31

DEPRECIATION _____%

NET CAPITAL INVESTMENT - DEC. 31

AVERAGE CAPITAL

AVERAGE NET CAPITAL INVESTMENT

LAND

WORKING CAPITAL ALLOWANCE

TOTAL

GAS COST ALLOWANCE

OPERATING COSTS - PER G4

DEPRECIATION

RETURN ON AVERAGE CAPITAL _____%

TOTAL

RAW GAS THROUGHPUT (MCF)

¢ PER MCF RAW GAS

ALLOCATION TO PRODUCTION ENTITY(S)

UNALLOCATED _____

TOTAL

CERTIFICATE

THIS WILL CERTIFY, THAT TO THE BEST OF OUR KNOWLEDGE AND BELIEF, THE ABOVE COSTS ARE TRUE AND CORRECT AND HAVE BEEN CALCULATED IN ACCORDANCE WITH THE GUIDELINES SET FORTH BY ALBERTA MINES AND MINERALS.

PERSON TO CONTACT _____

TELEPHONE _____

FACILITY OPERATOR _____

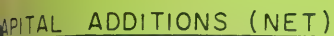
PER. _____

NAME OF COMPANY _____

	6 7	ACTUAL 19 ____	33	ESTIMATED 19 ____
A				
B				
C				
D				
E				
F				
G				
H				
I				
J				
K				
L				
M				
N				
O				
P				

	6 7	MCF	¢ / MCF 20	33	MCF	¢ / MCF 46
1						
2						
3						
4						
5						
6						
TOTAL						

CILITY NO.



ESTIMATED
19__

	19__	19__
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		

ABOUT
 MATERIALS
 TRANSPORTATION
 CONTRACT SERVICES
 UTILITIES
 MAINTENANCE
 AUTOMOTIVE
 INSURANCE
 PROPERTY TAXES
 OFFICE RENTALS

ESTIMATED
19__

6	7	19	33	19
A				
B				
C				
D				
E				
F				
G				
H				
I				
J				
K				
L				
M				
N				
O				
P				
Q				
R				

ERHEAD _____ %

HISTORICAL

CALCULATION OF GAS & ASSOCIATED BYPRODUCT CROWN ROYALTY

ROYALTY PAYER NAME: _____



1

6

8

22

25

DEPT. SEQ.

REPORTING ENTITY No.

SUB

YR MOS

DESCRIPTION OF PRODUCTION ENTITY(S) _____

REPORTING ENTITY		RESIDUE GAS MCF at 14.65 P.S.I.A.		PROPANE GALLONS		BUTANES GALLONS		SULPHUR LONG TONS		PENTANES + BARRELS		ETHANE GALLONS	
	6	7	20	33	46	59	72	85					
100% VOLUMES	OPENING INVENTORY	A											
	PRODUCTION	B											
	GAINS/(LOSSES)(CUST.PROC.)	C											
	INJECTION	D											
	CLOSING INVENTORY	E											
	SALES	F											
	OPENING INVENTORY	G											
	PRODUCTION	H											
	GAINS/(LOSSES)(CUST.PROC.)	J											
	INJECTION	K											
	CLOSING INVENTORY	L											
	SALES	M											
CROWN VALUES	AVERAGE UNIT PRICE	N	\$		\$		\$		\$		\$		98 TOTAL SALES
	SALES VALUE	O											(1)
	APPLICABLE ROYALTY RATE	P											TOTAL GROSS ROYALTY
	GROSS ROYALTY	Q											(2)

CALCULATION OF ESTIMATED ALLOWANCE

PRODUCTION ENTITY(S) 100%		REPORTING ENTITY %		CROWN SHARE %		ADD: CROWN SHARE FORWARD		= CROWN SHARE YR TO DATE		EST. RAW GAS ALLOW/MCF		ESTIMATED ALLOW YR TO DATE	
RAW GAS - MCF	R												TOTAL ALLOW
CUSTOM PROCESSING	S												(3)

CALCULATION OF YR-TO-DATE, GROSS ROYALTY, SALES ETC.

GROSS ROYALTY				CROWN SALES			MAX ALLOW % OF SALES	
YR-TO-DATE FORWARD	CURRENT MONTH (2)	YR-TO-DATE (5)	YR-TO-DATE FORWARD	CURRENT MONTH (1)	YR-TO-DATE (6)			
\$	T							(4)

CALCULATION OF NET CROWN ROYALTY

CROWN SALES YR-TO-DATE	LESSER OF (3) OR (4)	SALES SUBJECT CROWN ROYALTY	EFFECTIVE RATE (5)/(6)	ROYALTY YR-TO-DATE	PRIOR PAYMENTS	(OVER) or UNDER PAID	PAYMENT ENCLOSED
\$	V						

DEPARTMENT USE ONLY

PAYMENT RECEIVED		DATE PAID			REFERENCE No.
CASH RECEIPT	W	YEAR	MONTH	DAY	

PERSON TO CONTACT

TELEPHONE

CERTIFIED CORRECT

PER. NAME OF COMPANY

